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Dear Mark,

Proposed licence modifications: governance arrangements for electricity distribution use of system charging methodology

We welcome the opportunity to respond to Ofgem's open letter consultation regarding proposed licence modifications to implement the Code Governance Final Proposals. We agree in principle to the proposals; however we do have some minor comments on the drafting, as detailed below.

We are also mindful that Ofgem are considering, in parallel, licence modifications to incorporate the recent decisions on the implementation date and boundary associated with the EHV Distribution Charging Methodology. As the modifications involve the same licence conditions, any overlap needs to be carefully considered to avoid confusion.

Comments

Paragraph 22A.16 reiterates what is already stated in DCUSA. We therefore do not believe it is necessary and suggest removing this paragraph.

The insertion of paragraph 22A.17 would require a DCUSA change proposal. In order to meet the suggested date of 31 December 2010, such a change proposal would need to be treated as urgent and be 'fast-tracked'. As this has been carried out in similar situations previously, we do not foresee this being an issue; however, this is subject to a timely decision on changes following this consultation.

Paragraph 22A.18 has been moved from 50A.27 and redrafted. In the redrafting of the condition, its meaning has been slightly altered. As such, we suggest that the drafting is amended, as follows, to more accurately reflect the original intent of the licence condition:

'The licensee, in conjunction with all other Distribution Service Providers, and in consultation with other Authorised Electricity Operators, must develop arrangements that provide for the licensee to meet periodically with other Distribution Services Providers, other Authorised Electricity Operators, and any other persons whose interests are materially affected by the EDCM.'

I hope that the above is helpful. If you have any questions please be in touch.

Yours sincerely,

Aileen McLeod
Regulation Manager